

House File 2006 - Introduced

HOUSE FILE 2006

BY HESS

A BILL FOR

1 An Act extending the period of existence of the beginning
2 farmer tax credit program.

3 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

1 Section 1. 2013 Iowa Acts, chapter 125, section 28,
2 subsection 1, is amended to read as follows:

3 1. Except as provided in subsection 2, this division of this
4 Act takes effect December 31, ~~2017~~ 2023.

5 EXPLANATION

6 The inclusion of this explanation does not constitute agreement with
7 the explanation's substance by the members of the general assembly.

8 BEGINNING FARMER TAX CREDIT PROGRAM EXTENDED. This bill
9 extends the period of existence of the beginning farmer tax
10 credit program (program) and dollar amount limits on tax credit
11 certificates issued under the program from December 31, 2017,
12 to December 31, 2023, as codified in Code sections 175.36A
13 through 175.39.

14 BACKGROUND — HISTORY. Code chapter 175 provides a number of
15 programs to assist beginning farmers. Generally, a beginning
16 farmer is an individual, partnership, family farm corporation,
17 or family farm limited liability company (see Code chapter 9H)
18 who has a low or moderate net worth and who is either engaged in
19 farming or intends to engage in farming (Code section 175.2).
20 In 2006, the general assembly enacted SF 2268 (2006 Iowa Acts,
21 chapter 1161) establishing an agricultural assets transfer tax
22 credit (Code section 175.37), administered by the agricultural
23 development authority, to assist beginning farmers to acquire
24 agricultural assets by lease or rental arrangements. In 2009,
25 the general assembly enacted SF 483 (2009 Iowa Acts, chapter
26 135), which allowed the authority to issue up to \$6 million in
27 tax credit certificates each year to support the tax credit.

28 CURRENT PROGRAM. In 2013, the general assembly enacted
29 HF 599 (2013 Iowa Acts, chapter 125), creating the beginning
30 farmer tax credit program and HF 607 (2013 Iowa Acts,
31 chapter 100) transferring administration of the program
32 to the Iowa finance authority (authority). A taxpayer who
33 holds agricultural assets (agricultural land, depreciable
34 agricultural property, crops, or livestock), and who helps
35 a beginning farmer acquire agricultural assets by a form of

1 specified legal arrangement including a lease or custom farming
2 contract is entitled to claim a tax credit against individual
3 or corporate tax liability. House File 599 also allows the
4 authority to issue up to \$12 million in certificates for both
5 tax credits each year. The program and the dollar amount
6 limits on tax credit certificates issued under the program
7 applied retroactively to tax years beginning on or after
8 January 1, 2013, and is to expire on December 31, 2017. The
9 Code editor is directed to restore the agricultural assets
10 transfer tax credit and the ceiling amount as they existed
11 immediately prior to the enactment of HF 599.